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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000846

SIPDIS

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TAGS: ECQN ENRG KNRP SENV PREL TW

SUBJECT: TAIWAN: PROSPECTS FOR GE NUCLEAR POWER PLANT

IMPROVE

REF: A) 2004 TAIPEI 02862 B) 2004 TAIPEI 02475 C)

2004 TAIPEI 00450 D) 2005 TAIPEI 00892 E)
2005 TAIPEI 00555 F) 2005 TAIPEI 00490 G)
2002 TAIPEI 03912 H) 2001 TAIPEI 00477 I)
2004 TAIPEI 02861

Classified By: AIT Acting Director David Keegan, Reason: 1.4 (B/D)

¶1. (c) Summary. The first Chen Administration came into office in 2000 committed to killing the Fourth Nuclear Power Plant (FNPP), but failed. Since then, anti-nuclear forces have sought other ways to try to reduce Taiwan's dependence on nuclear energy. Until mid-January 2005, those anti-nuclear efforts appeared to be succeeding with policies to implement "Taiwan's Nuclear Free Homeland" steaming forward. Chen relied on anti-nuclear activists to secure votes for the 2004 Presidential and Legislative Yuan (LY) elections. With the elections behind it and with the recent implementation of the Kyoto Protocol, the Chen Administration is trying to moderate its strong anti-nuclear stance. For the first time since the Democratic Progressive Party (DPP) has been in power, proponents of nuclear energy have begun to gain support. This development could presage the supplemental funding and political support needed to finally complete the controversial General Electric FNPP. End Summary.

Role of Nuclear Energy in Taiwan

¶2. (c) Nuclear power is by far Taiwan's cheapest source of energy. Energy experts in the government say that it is critical both to bring the FNPP on line and to avoid the early decommissioning of Taiwan's three existing nuclear plants. Without energy generated by all four nuclear plants, Taiwan could face critical energy shortages by 2010.

¶3. (u) Nonetheless, opposition to nuclear power in general (and the construction of the FNPP in particular) has been a key part of the DPP's ideology since the party's inception. Throughout Chen's first Administration and during the run up to both the 2004 Presidential and LY elections, President Chen pandered to his anti-nuclear support base. The issue came to a head in November 2000 when, in an effort to live up to a 2000 Presidential campaign commitment, newly elected President Chen Shui-bian halted work at the FNPP. That move led to an abortive KMT effort to recall President Chen, a significant delay in the projected completion date, increased costs (USD 30 million) for the project, and weakened investor confidence in Taiwan overall.

¶4. Ultimately, in February 2001, the Chen Administration agreed to resume construction. At the same time, however, as reported in ref h, both DPP and KMT members in the LY agreed that Taiwan would work to become "nuclear free." To that end, during Chen's first term, the Executive Yuan (EY) passed an Environmental Basic law committing Taiwan to become a "nuclear free homeland" (ref g) and drafted regulations to decommission each of Taiwan's three operating nuclear power plants seven years earlier than originally scheduled (ref d). In addition, government officials and publications used extreme anti-nuclear rhetoric such as the claim that "over 6 million people in Taiwan are now living in the shadow of insecurity, because of the nuclear time bombs in their back yards." (The "time bombs" refer to Taiwan nuclear power plants.)

Kyoto Protocol Paves Way for More Serious Nuclear Debate

¶5. (u) In January 2005, Nobel Prize Laureate and Taiwan Academia Sinica President Lee Yuan-tseh publicly stated that the Chen Administration's "Nuclear Free Homeland" policy might need to be postponed until 2050 in order for Taiwan to meet emissions requirements under the Kyoto Protocol. This marked the first pro-nuclear public statement by a high-level public figure since President Chen took office in 2000. Lee's statement reflects growing concerns about Taiwan's vulnerability to sanctions under the Kyoto Protocol, which went into effect on February 16, 2005.

16. (c) With the need to secure votes for the 2004 Presidential and Legislative Yuan elections behind it coupled with the recent implementation of the Kyoto Protocol, the Chen Administration is trying to moderate its strong anti-nuclear stance. Following Lee Yuan-tseh's lead, several officials from the EY have begun to openly support completion of the FNPP. Both Premier Frank Hsieh (Hsieh Chang-ting) and Economic Minister Ho Mei-yueh have made public statements to this effect. As noted in ref e, Premier Hsieh told AIT that he would personally tell the influential anti-nuclear activist and former Democratic Progressive Party (DPP) Chairman Lin I-hsiung that the EY remains bound by its February 2001 agreement with the LY to complete the FNPP project (ref h).

17. (c) Furthermore, as reported in ref i, Minister Ho helped secure behind-the-scenes interim funding to keep the FNPP alive in September 2004. On February 14, 2005, Minister Ho went further and publicly stated her personal support for completing the FNPP. She concurrently noted, however, that the final decision would require a broader consensus. In order to reach such a consensus, Ho announced EY plans to hold a National Energy Conference in June 2005 to discuss how Taiwan might need to adjust its energy mix in order to meet its Kyoto protocol obligations. (Note. AIT contacts in the EY's Energy Commission, which is responsible for organizing the conference, told AIT that several high level policy makers intend to use the June National Energy Conference both to affirm support for the completion of the FNPP and to repeal current plans to decommission Taiwan's three operating nuclear plants earlier than originally scheduled. End Note.)

18. (c) Finally, Chung Chia-bing, who was just replaced as DPP Deputy Secretary General but remains an influential figure inside the DPP's powerful New Tide faction, recently told AIT that the DPP made a conscious decision in late December to break with anti-nuclear activists. He said senior officials determined that working with the opposition-controlled LY was more important than continuing to pander to the party's anti-nuclear constituency.

Battle May Be Yet To Come

19. (u) While these recent moves suggest indicate that the Chen Administration is trying to moderate its anti-nuclear stance, a major political battle over the issue is likely in the offing. Anti-nuclear activists both within and outside the government are unlikely to concede on this core DPP issue without a fight.

10. (c) Major figures that can be expected to continue to press the Chen Administration to stay true to its anti-nuclear roots: former DPP Chairman and anti-nuclear activist Lin I-hsiung and Chairman of the EY Research, Development and Evaluation Commission (RDEC) and of the EY Nuclear Free Homeland Commission, Yeh Jiunn-rong. Lin-I-hsiung is already pressuring newly appointed Premier Frank Hsieh to continue implementing Chen's "Nuclear Free Homeland" policies and, toward that end, he has called for a referendum on the FNPP.

11. Note. Lin-I-hsiung is believed to be fervent in his anti-nuclear stance and the Chen Adminstration's anti-nuclear policies are in part a result of trying to appease Lin. However, AIT POL and EST Officers met with Lin on February 25 and found him to be rational. Lin said he did not expect the government to reverse its course or hold a referendum on FNPP, but simply seeking a coherent explanation for the current policy. Lin complained that, rather than citing Taiwan's energy requirements or environmental concerns, officials simply blamed U.S. pressure for their decision to continue with the construction of FNPP. AIT clarified that AIT's interest in the FNPP is limited to ensuring that Taiwan lives up to its contractual obligations with General Electric. After this clarification, Lin stated that he fully supports fulfilling Taiwan's contractual obligations to General Electric. End Note.

12. On February 2, 2005, Lin led a protest attended by a few dozen activists outside both the LY and EY urging the newly-installed Hsieh to realize the Chen Adminstration's commitment (codified in its Basic Environmental Law as reported in ref tel G) to make Taiwan nuclear free. Chairman of the EY's RDEC and Nuclear Free Homeland Commission, Yeh Jiunn-rong, is a former professor linked to environmental NGOs. Energy Commission contacts believe Yeh is responsible for adding provisions to the Environmental Basic Law that require Taiwan to become nuclear free. (Comment. Although Yeh has been retained in the new cabinet, his previous influence derived from close ties to former Premier Yu Shyi-kun. His influence under Premier Hsieh remains yet to be determined. End Comment.)

Comment

¶13. How the DPP handles these issues could redefine key party principles. The DPP has seized on the Kyoto Protocol going into force as a convenient opportunity to try to cloak its more practical considerations toward nuclear energy in pro- "green" terms. Whether the Chen Administration efforts to moderate its stand on nuclear energy will translate into the political will and funding needed to finally complete construction of the FNPP remains to be seen. A firm commitment to support nuclear energy could result in undermining some of the DPP's traditional grassroots base of support. Taiwan's nuclear energy and Kyoto policies over the next few months will reveal whether the second term Chen Administration will continue to place politics first or has begun to place more emphasis on sound economic policies. End Comment.

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